

This \$100 Million Fund Is Betting On First-Time Impact Fund Managers



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Capria founders Will Poole, Jack Knellinger and Dave Richards are grooming the next generation of social venture capitalists — and plan to turn a profit doing so. (Photo credit: Rick Dahms For Forbes)

On a recent Spring day in Seattle, five budding fund managers raised a glass in the upstairs private dining room of a bustling, 300-seat Asian fusion restaurant. Over plates of family style chicken satay and baby bok choy, they swapped stories from the month-long boot camp they had just completed.

The beginner venture capitalists, who hail from Zimbabwe, the Netherlands and Guatemala and were hand-selected from over five dozen applicants in 24 countries, are launching their first impact investing funds, which will seek to back entrepreneurs for financial and social or environmental return. And [they just received a crash course in how to do so.](#)

Capria Accelerator was started last year by Will Poole and Dave Richards, two tech guys turned social venture capitalists, and token Millennial Jack Knellinger. Each of the 30 teams they plan to run through the accelerator in the next three years can expect up to \$500,000 in seed capital, access to their Rolodexes and some serious training. “Just like a decathlete has all these different events they need to be pretty good at to actually compete, a fund manager similarly has to be good at a bunch of things,” says Richards, 51.



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Now Capria is gearing up for a much bigger play: A \$100 million fund of funds that will invest up to \$5 million apiece with the top teams it has trained, as well as in other emerging managers' funds. The Capria Emerging Managers Fund, which was officially announced on Thursday at the Global Entrepreneurship Summit, will back boots-on-the-ground managers to ultimately invest in early-stage businesses in emerging economies.

The fund will seek to provide market-rate returns for investors, who must be accredited and put up a minimum investment of at least \$1 million. Capria is still working out the fee structure; It's possible it will be subsidized with donations to make it competitive.

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While there's growing investor demand for impact investments in places like Africa and Latin America, says Poole, 55, there's little to choose from. First-time fund managers have trouble attracting investor dollars since they lack a track record.

"As in everything, you prefer experience over non-experience," says Carol Pepper, who runs a family office from Manhattan's Upper West Side and gets over 100 investment pitches a month. "But the impact space is so new that many of the fund managers are new fund managers."

Antony Bugg-Levine, CEO of the Nonprofit Finance Fund, adds: "By definition, when anything is new, you're going to have to invest with the pioneers."

Capria is betting that it's in a unique position to pick the best up-and-comers because of the rigor of its accelerator and the relationships it's developing with the fund managers. "We're getting to know these people over many years," says Richards. "It's a very unique way of vetting the managers." Plus, since it's a fund of funds, there's less risk attached to any one fund.

It's already very competitive to be selected for the accelerator — you should have at least ten years of business experience and a strong team, for starters — and with applications on the rise, Capria can be pickier. One of the next teams that will come to Seattle consists of three women from Africa, who have 80 years of business experience between them in private equity, venture capital and mergers and acquisitions. "Initially I thought we were more advanced, but it became clear that the partnership would be great for us in terms of visibility in the U.S. market and the support they'd give us as fund managers," says Anne-Marie Chidzero, one of the fund managers, who was most recently CEO of a \$42 million private equity fund in Africa and is a veteran of the World Bank.

Like many of the funds Capria is interested in, her Alitheia Capital will provide capital to small businesses that want to grow but are beyond bootstrapping and microfinance and can't snag a bank loan. For instance, they like a tea company started by a woman in South Africa, whose products are beginning to appear in stores abroad and could soon be in Whole Foods. "Most fund managers probably think this is some kind of lifestyle business with a feminine touch and not serious business," says Tokunboh Ishmael, another partner, who holds a chartered financial analyst designation and started her career doing technology M&A at Salomon Brothers.

Here's what the big picture looks like: The Capria Emerging Managers Fund will seek to invest in at least 15 funds in the next five years. By 2025, these funds are expected to have unleashed over \$500 million in capital for businesses serving five million low-income people.

With such an ambitious vision, there's lots of work to be done. "Most people will say this is needed, but they'll also say it's really hard and ask who are these crazy guys that are doing this," says Richards with his trademark big belly laugh, slapping his knee.

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